View of IMF regarding consolidation of Banks

2814. SHRIMATI T. RATNA BAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that consolidation of banks is good;

(b) if so, the comments of Government thereon; and

(c) the views of World Bank and International Monetary Fund (IMF) in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) The Raghuram Rajan Committee, in general, has recommended to encourage, but not force, consolidation amongst Public Sector Banks (PSBs). The Committee has observed that given the fragmented nature of the Indian banking system and the small size of the typical bank, some consolidation may be in order for banks that aim to play on a large stage. Government is of the view that the initiatives for consolidation amongst the PSBs should emanate from the management of the banks themselves with Government playing a supportive role as the common stakeholder.

(c) The Government has not received any specific view on consolidation of banks from World Bank and International Monetary Fund.

Losses of Banks

2815. MS. SUSHILA TIRIYA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Banks are continuing to hide huge losses;

(b) if so, the details thereof and reasons therefor; and

(c) the steps being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) There is no specific report in the Reserve Bank of India about hiding of losses by banks. The Government has, in fact, already put in place a mechanism to monitor the overall performance of Public sector banks (PSB) on the basis of the 'Statement of Intent on Annual Goals (SOI)' submitted by them on various performance parameters such as growth in deposits and advances, advances to priority sector, Non-Performing Asset (NPA) Ratios, Capital Adequacy Radio, Net Interest Margin, Return on Assets, net profit, etc. The performance of the PSBs is monitored at regular intervals and these banks are appropriately advised whenever and wherever required.

Implementation of GST

†2816. SHRI PRAKASH JAVADEKAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is contemplating to implement Goods and Services Tax (GST) by April, 2010;

†Original notice of the question was received in Hindi.